

THE CITY OF STRONG CITY
CHASE COUNTY, KANSAS
INDEPENDENT AUDITORS' REPORT AND
REGULATORY BASIS FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS 66846

The City of Strong City
Chase County, Kansas

REGULATORY BASIS FINANCIAL STATEMENTS
Year Ended December 31, 2012

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Independent Auditors' Report

To the City Council
Strong City, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Strong City, Kansas as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, Strong City, Kansas prepared this financial statement to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on the U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Strong City, Kansas, as of December 31, 2012, or the changes in its financial position or cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Strong City, Kansas, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. As part of this presentation, certain prior year comparative information has been derived from the City's 2011 financial statements and, in our report dated September 26, 2012, we expressed an unqualified opinion on the respective basic financial statements, taken as a whole, on the regulatory basis of accounting. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Aldrich & Company, LLC

Aldrich & Company LLC
Certified Public Accountants
August 30, 2013

The City of Strong City
Chase County, Kansas

Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2012

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 74,186	\$ 196,235	\$ 219,042	\$ 51,379	\$ 6,636	\$ 58,015
Special Purpose Funds:						
Special Highway Fund	6,342	12,617	15,567	3,392		3,392
Tourism Fund	9,896	0	0	9,896		9,896
Special Parks & Recreation	5,880	501	0	6,381		6,381
Capital Project Funds:						
Depot	18,910	3,589	0	22,499		22,499
Community Trail	11,468	0	375	11,093		11,093
CSC Water Study	5,008	0	0	5,008		5,008
Bureau of Reclamation Project	(17,195)	107,779	92,852	(2,268)	2,268	0
Business Funds						
Utility Fund	44,612	312,126	295,046	61,692	14,844	76,536
Total Reporting Entity	<u>\$ 159,107</u>	<u>\$ 632,847</u>	<u>\$ 622,882</u>	<u>\$ 169,072</u>	<u>\$ 23,748</u>	<u>\$ 192,820</u>

Composition of Cash:

Checking Account	\$ 62,786
Certificates of Deposit	129,859
Petty Cash	175
	<u>\$ 192,820</u>

The accompanying notes are an integral part of this statement.

The City of Strong City
Chase County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Strong City is a governmental entity governed by an elected five-member council and mayor. The City's major operations include public safety, streets and highways, parks and recreation, and general administrative services.

The City also operates two major enterprise activities: a sewer system and a water system. The City also contracts for solid waste collection. The City's financial statements do not include any related municipal entities.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

Governmental Funds:

General Fund The General Fund is the chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Funds – Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Capital Project Fund – Capital Project Funds are used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Funds:

Business Funds – Business Funds are financed in whole or in part by fees charged to users of the goods or services. Funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of receipts, expenses, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

The City of Strong City
Chase County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), debt service funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. There were no such amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Compliance with Finance-Related Legal and Contractual Obligations

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the municipality.

Management is not aware of any regulatory violations for the period covered by this audit.

NOTE 3 - CASH AND DEPOSITS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

The City of Strong City
Chase County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 3 - CASH AND DEPOSITS (CONT)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be entirely returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

The City maintains a cash pool that is available for use by all funds. At year-end, the carrying amount of the city's deposits, excluding petty cash, was \$192,645. The bank balance was \$203,793. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by two banks resulting in a concentration of credit risk. The entire bank balance was covered by FDIC insurance. The city held no investments on December 31, 2012.

NOTE 4 - PROPERTY TAXES

The city certifies its' budget to the county clerk annually. Using this certified budget and those of other political subdivisions within the county, the county clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20 of the same year, and the second installment is due May 10 of the subsequent year. The county treasurer collects and distributes the property taxes. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the following year's operations.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description – The City of Strong City, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4419 and 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the contribution rates for KPERS employers.

The City of Strong City
Chase County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

.NOTE 6 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

NOTE 7 - CONTRACTS

The City has entered into an agreement with Chase County Rural Water District No. 1 to sell up to 1.5 million gallons of treated water per month. The contract is for a term of forty years expiring September 2013.

In February of 2000, the City approved a contract with Chase County to provide law enforcement services to the city. This requires monthly payments of \$750 to Chase County.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

NOTE 9 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

Vacation for full time employees is based on years of employment. Amounts earned range from 3.33 hours per month for an employee with up to 2 years of service to 10 hours per month for an employee with six or more years of service. Part-time employees working at least 20 hours per week earn vacation at the rate of 1.67 hours per month. Seasonal and temporary employees do not earn vacation. Maximum hours accumulated range from forty to one hundred and twenty hours also based on years of service. Upon separation of service, an employee is compensated for all earned but unused hours. Amounts paid for compensated absences are charged to the same respective fund as wages. No provision has been made in these financial statements for accumulated leave.

NOTE 10 - LONG-TERM DEBT

KDHE Wastewater Loan

The City entered into a loan contract for \$401,500 with the Kansas Department of Health and Environment on January 28, 2000 to make improvements to its' wastewater infrastructure and achieve compliance with the Federal Water Quality Act of 1987. On November 14, 2002, this contract was amended to reduce the loan amount to \$340,254. The project was completed in 2002. Semiannual payments began on September 1, 2001. Three payments of \$14,104 were made. This payment amount was adjusted beginning on March 1, 2003, scheduling thirty-seven payments of \$11,455. The loan carries an interest rate of 3.55% and matures on March 1, 2021.

KDHE Water Loan

The City entered into a loan contract for \$146,700 with Kansas Department of Health and Environment for the improvement for the water plant and lines on August 24, 2000. On October 14, 2002, the agreement was amended to expand the project and increase the loan contract to \$346,700. The project was completed in 2005 with \$289,815

The City of Strong City
Chase County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 10 - LONG-TERM DEBT (CONT)

being advanced to the City including \$1,510 of capitalized loan origination fees. The note carries an interest rate of 4.65%. A payment of \$62,500 was made in February 2006. Thirty-two payments of \$9,357 are scheduled beginning in August of 2006.

Skid-steer lease

In October 2011, the City entered into a lease with the Cottonwood Valley Bank for the purchase of a 200 Bobcat Model #773G Skid-Steer Loader and grapple. The amount financed was \$14,400. The lease carries an annual interest rate of 5.25%. One payment of \$4,000 was due upon signing the lease and three annual payments of \$3,837 are scheduled with the first payment being due October 2012. Payments are scheduled from the Special Highway Fund.

Changes in long term liabilities for the City for the year ended December 31, 2012 are as follows:

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Payable January 1</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance Payable December 31</u>	<u>Interest Paid</u>
Revenue Bonds:									
KDHE Wastewater Loan	3.55%	1/28/2000	340,254	3/1/2021	\$ 183,383	\$ 0	\$ 16,546	\$ 166,837	\$ 6,364
KDHE Water Loan	4.65%	8/24/2000	289,815	2/1/2022	154,082	0	11,683	142,399	7,031
Lease Purchase									
CVB-Skid Steer	5.25%	10/24/2011	14,400	10/24/2014	<u>10,400</u>	<u>0</u>	<u>3,291</u>	<u>7,109</u>	<u>546</u>
Total long term debt					<u>\$ 347,865</u>	<u>\$ 0</u>	<u>\$ 31,520</u>	<u>\$ 316,345</u>	<u>\$ 13,941</u>

The City of Strong City
Chase County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 10 - LONG TERM DEBT (CONT)

Current maturities of long term debt and interest for the next five years and in five year increments through maturity are as follows:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2022</u>	<u>Total</u>
Principal							
Revenue Bonds:							
KDHE Wastewater	17,138	17,752	18,388	19,047	19,729	74,783	166,837
KDHE Water Loan	12,233	12,808	13,411	14,042	14,702	75,203	142,399
Lease Purchase							
CVB-Skid Steer	<u>3,464</u>	<u>3,645</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,109</u>
Total Principal	<u>32,835</u>	<u>34,205</u>	<u>31,799</u>	<u>33,089</u>	<u>34,431</u>	<u>149,986</u>	<u>316,345</u>
Interest							
Revenue Bonds:							
KDHE Wastewater	5,772	5,158	4,522	3,863	3,182	5,403	27,900
KDHE Water Loan	6,481	5,906	5,303	4,672	4,012	9,010	35,384
Lease Purchase							
CVB-Skid Steer	<u>373</u>	<u>192</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>565</u>
Total Interest	<u>12,626</u>	<u>11,256</u>	<u>9,825</u>	<u>8,535</u>	<u>7,194</u>	<u>14,413</u>	<u>63,849</u>
Total Principal and Interest	<u>\$ 45,461</u>	<u>\$ 45,461</u>	<u>\$ 41,624</u>	<u>\$ 41,624</u>	<u>\$ 41,625</u>	<u>\$ 164,399</u>	<u>\$ 380,194</u>

The City of Strong City
Chase County, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 11 – CAPITAL PROJECTS

In 2005, the City agreed to be the fiscal agent for phase II of a planned Community Connections Trail. The project is to provide walking trails from Cottonwood Falls through Strong City and to Z Bar. Cottonwood Falls is handling phase I of the project. The estimated cost of phase II is \$440,100. Fundraising for the project is underway. As of December 31, 2012, \$238,675 had been raised including \$175,000 from the W.S. & E.C. Jones Testamentary Trust. As of December 31, 2012, the City has expended \$227,582 for project expenditures.

In 2005, the City began fundraising for the Depot project. The project is to restore the old BNSF Depot in the city. In 2006, BNSF chose to donate the Depot to the city. On May 5, 2006, KDOT notified the city that it had been awarded a grant from the Transportation Enhancement Program. KDOT is to pay 80% of project construction and construction engineering costs resulting in an estimated KDOT portion of \$375,161. The city is required to fund the remaining project costs of \$122,441. As of December 31, 2012, the City has collected \$41,599 for its share of the depot project and expended \$19,100.

In 2009, the City agreed to participate in a regional public water supply system cooperative "The Cooperative". The Cooperative performed a study that addressed water quality and quantity challenges facing its members (Strong City, Cottonwood Falls, Elmdale, and the Chase County RWD #1). Alternatives were being considered and recommended for the long-term needs of the members. KDHE contributed \$12,500 for this project. Strong City is accounting for the project funds. As of December 31, 2012, KDHE had provided \$12,500 and Chase County Development had provided \$23,565 of funds for the project. Total expenditures as of December 31, 2012 were \$31,057.

In 2011, the City entered into a financial assistance agreement with the United States Department of the Interior-Bureau of Reclamation (BOR) for the purpose of evaluating the feasibility of creating a Wholesale Water Supply District for the City of Cottonwood Falls, City of Strong City, Chase County Rural Water District #1 and the City of Elmdale in Kansas. The appraisal investigation will analyze the comprehensive water supply problems, needs, and opportunities throughout the municipalities and is to be completed at a total estimated cost of \$120,000 with the BOR reimbursing all costs. As of December 31, 2012, \$107,779 had been reimbursed by the BOR and \$110,047 had been expended for the study.

A Public Wholesale Water Supply District No. 26 was formed on May 31, 2011. Members of the district are Strong City, the city of Cottonwood Falls, and Chase County Rural Water District No. 1. The water supply project is estimated to cost \$5,270,400.

In addition, the City is currently planning for potential improvements to its distribution system. The cost to the city for this project is estimated to be \$1,720,000. On September 13, 2012, USDA-Rural Development has issued a letter of conditions to the city indicating a loan award of \$591,770 and a grant award of up to \$689,000. In July 2013, the city was awarded a CDBG grant in the amount of \$500,000.

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

The City of Strong City
Chase County, Kansas

Schedule 1

Summary of Expenditures - Actual and Budget
Regulatory Basis
Budgeted Funds Only
For the Year Ended December 31, 2012

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 255,243	\$ 0	\$ 255,243	\$ 219,042	\$ 36,201
Special Purpose Funds:					
Special Highway Fund	21,757		21,757	15,567	6,190
Tourism Fund	8,152		8,152	0	8,152
Special Parks & Recreation	7,440		7,440	0	7,440
Business Funds:					
Utility Fund	318,665		318,665	295,046	23,619

See Accompanying Auditors' Report

The City of Strong City
Chase County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Chase County	\$ 82,338	\$ 95,253	\$ 101,993	\$ (6,740)
Liquor tax	974	502	1,077	(575)
Sales tax	50,747	49,077	47,000	2,077
Franchise taxes	29,290	27,887	28,000	(113)
Total Taxes	<u>163,349</u>	<u>172,719</u>	<u>178,070</u>	<u>(5,351)</u>
Miscellaneous				
Licenses and permits	1,049	923	1,000	(77)
Municipal court	8,420	7,094	14,000	(6,906)
Housing	4,193	3,996	3,900	96
Miscellaneous	22,847	11,105	8,100	3,005
Total Miscellaneous	<u>36,509</u>	<u>23,118</u>	<u>27,000</u>	<u>(3,882)</u>
Use of Money and Property				
Interest	580	398	1,000	(602)
Rent	0	0	0	0
Total Use of Money and Property	<u>580</u>	<u>398</u>	<u>1,000</u>	<u>(602)</u>
Total Cash Receipts	<u>\$ 200,438</u>	<u>\$ 196,235</u>	<u>\$ 206,070</u>	<u>\$ (9,835)</u>

The City of Strong City
Chase County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures				
General Government				
Personal services	\$ 82,921	\$ 99,903	\$ 105,000	\$ 5,097
Commodities	12,931	8,075	15,000	6,925
Contractual	68,081	66,240	59,100	(7,140)
Capital outlay	13,154	5,151	10,000	4,849
Total General Government	177,087	179,369	189,100	9,731
Police and safety	9,000	9,011	12,000	2,989
Streets and highways	16,764	29,419	28,000	(1,419)
Parks and recreation	227	100	15,000	14,900
Economic development and neighborhood	0	143	10,143	10,000
Chamber of Commerce	1,000	1,000	1,000	0
Adjustment for budget credits	0	0	0	0
Total Expenditures	204,078	219,042	255,243	36,201
Receipts Over (Under) Expenditures	(3,640)	(22,807)	<u>(49,173)</u>	<u>26,366</u>
Unencumbered Cash, January 1	77,826	74,186		
Unencumbered Cash, December 31	<u>\$ 74,186</u>	<u>\$ 51,379</u>		

The City of Strong City
Chase County, Kansas

Schedule 2B

SPECIAL PURPOSE FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

SPECIAL HIGHWAY FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
State payments	\$ 13,204	\$ 12,617	\$ 14,530	(1,913)
Other	0	0	0	0
Total Cash Receipts	<u>13,204</u>	<u>12,617</u>	<u>14,530</u>	<u>(1,913)</u>
Expenditures				
Streets & highways	<u>15,034</u>	<u>15,567</u>	<u>21,757</u>	<u>6,190</u>
Receipts Over (Under) Expenditures	(1,830)	(2,950)	<u>\$ (7,227)</u>	<u>\$ 4,277</u>
Unencumbered Cash, January 1	<u>8,172</u>	<u>6,342</u>		
Unencumbered Cash, December 31	<u>\$ 6,342</u>	<u>\$ 3,392</u>		

The City of Strong City
Chase County, Kansas

Schedule 2C

SPECIAL PURPOSE FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

TOURISM FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Chase County	\$ 4,744	\$ 0	\$ 1,000	\$ (1,000)
Expenditures				
Economic development	<u>0</u>	<u>0</u>	<u>8,152</u>	<u>8,152</u>
Receipts Over (Under) Expenditures	4,744	0	<u>\$ (7,152)</u>	<u>\$ 7,152</u>
Unencumbered Cash, January 1	<u>5,152</u>	<u>9,896</u>		
Unencumbered Cash, December 31	<u>\$ 9,896</u>	<u>\$ 9,896</u>		

The City of Strong City
Chase County, Kansas

Schedule 2D

SPECIAL PURPOSE FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

SPECIAL PARKS & RECREATION FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Liquor tax	\$ 974	\$ 501	\$ 1,077	\$ (576)
Expenditures				
Parks & recreation	0	0	7,440	7,440
Receipts Over (Under) Expenditures	974	501	<u>\$ (6,363)</u>	<u>\$ 6,864</u>
Unencumbered Cash, January 1	<u>4,906</u>	<u>5,880</u>		
Unencumbered Cash, December 31	<u>\$ 5,880</u>	<u>\$ 6,381</u>		

The City of Strong City
Chase County, Kansas

Schedule 2E

CAPITAL PROJECT FUND
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

DEPOT

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 0	\$ 3,589
Expenditures		
Depot	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	3,589
Unencumbered Cash, January 1	<u>18,910</u>	<u>18,910</u>
Unencumbered Cash, December 31	<u>\$ 18,910</u>	<u>\$ 22,499</u>

The City of Strong City
Chase County, Kansas

Schedule 2F

CAPITAL PROJECT FUND
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

COMMUNITY TRAIL

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 10,384	\$ 0
Expenditures		
Trail	<u>3,889</u>	<u>375</u>
Receipts Over (Under) Expenditures	6,495	(375)
Unencumbered Cash, January 1	<u>4,973</u>	<u>11,468</u>
Unencumbered Cash, December 31	<u>\$ 11,468</u>	<u>\$ 11,093</u>

The City of Strong City
Chase County, Kansas

Schedule 2G

CAPITAL PROJECT FUND
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

CSC WATER STUDY

	Prior Year Actual	Current Year Actual
Cash Receipts		
Receipts	\$ 0	\$ 0
Expenditures		
CSC Water Study	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	<u>5,008</u>	<u>5,008</u>
Unencumbered Cash, December 31	<u>\$ 5,008</u>	<u>\$ 5,008</u>

The City of Strong City
Chase County, Kansas

Schedule 2H

CAPITAL PROJECT FUND
Schedule of Cash Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

BUREAU OF RECLAMATION PROJECT

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Cash Receipts		
Receipts	\$ 0	\$ 107,779
Expenditures		
CSC Water Study	<u> 17,195</u>	<u> 92,852</u>
Receipts Over (Under) Expenditures	(17,195)	14,927
Unencumbered Cash, January 1	<u> 0</u>	<u> (17,195)</u>
Unencumbered Cash, December 31	<u>\$ (17,195)</u>	<u>\$ (2,268)</u>

The City of Strong City
Chase County, Kansas

Schedule 21

BUSINESS FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

UTILITY FUND

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Charges for services	\$ 236,153	\$ 254,160	\$ 235,000	\$ 19,160
Miscellaneous sales	14,611	6,852	600	6,252
Trash collection	49,667	50,707	49,000	1,707
Utility deposits/connection fees	150	0	800	(800)
Water plan fee	395	407	0	407
Total Cash Receipts	300,976	312,126	285,400	26,726
Expenditures				
Personnel services	70,864	49,592	81,900	32,308
Contractual services	111,186	131,235	115,500	(15,735)
Commodities	65,885	62,287	62,000	(287)
Capital outlay	1,094	8,622	16,141	7,519
Sales tax	2,222	1,686	1,500	(186)
Deposit refunds	103	0	0	0
Debt service	41,624	41,624	41,624	0
Transfers out	0	0	0	0
Total Expenditures	292,978	295,046	318,665	23,619
Receipts Over (Under) Expenditures	7,998	17,080	<u>\$ (33,265)</u>	<u>\$ 50,345</u>
Unencumbered Cash, January 1	<u>36,614</u>	<u>44,612</u>		
Unencumbered Cash, December 31	<u>\$ 44,612</u>	<u>\$ 61,692</u>		